

# SENATE BILL REPORT

## SJM 8004

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As of February 10, 2021

**Brief Description:** Addressing "de-risking" by financial institutions.

**Sponsors:** Senators Hasegawa and Saldaña.

**Brief History:**

**Committee Activity:** Business, Financial Services & Trade: 2/11/21.

**Brief Summary of Joint Memorial**

- Directs Congress to enact legislation that will provide transparency to customers or former customers of financial institutions that need to send remittance to families in other countries through wire transfers.

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### SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

**Staff:** Clinton McCarthy (786-7319)

**Background:** The term "de-risking" refers to the phenomenon of financial institutions terminating or restricting business relationships with clients or categories of clients to avoid, rather than manage, risk. Remittance refers to an amount of money transferred or sent from one party to another, usually overseas. Bank Secrecy Act/Anti-Money Laundering (BSA/AML) regulations imposed through the Patriot Act and other federal legislation imposes strict standards on banks to understand exactly who their customers are and who their funds are coming from. These standards have made it difficult for individuals to send remittances from the United States to other countries. According to the World Bank, there were \$554 billion in remittance flows worldwide in 2019.

**Summary of Joint Memorial:** The Senate Joint Memorial requests that Congress implement strategies and recommendations put forward by the Government Accounting Office and the United States Treasury with legislation that includes:

- provisions that give regulators clarity on how to improve examiners ability to

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- evaluate banks' BSA/AML compliance as it is applied to money transmitter accounts;
- requirements that financial institutions disclose specific reasons for closing accounts; and
- assistance for financial institutions to mitigate the cost of due diligence required to comply with BSA/AML provisions impacting money transmitters.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.